

**CITY OF SAN JOSE FINANCING AUTHORITY
RESOLUTION NO. _____**

**A RESOLUTION OF THE CITY OF SAN JOSE FINANCING AUTHORITY
APPROVING AND AUTHORIZING THE NEGOTIATION, EXECUTION AND
DELIVERY OF AN AMENDED LETTER OF CREDIT AND REIMBURSEMENT
AGREEMENT IN ORDER TO PROVIDE FOR THE DELIVERY OF AN
ALTERNATE CREDIT FACILITY FOR THE CITY OF SAN JOSE FINANCING
AUTHORITY'S LEASE REVENUE COMMERCIAL PAPER NOTES PROGRAM
AND TO AUTHORIZE OTHER RELATED ACTIONS**

WHEREAS, the City of San José (the "City") and the Redevelopment Agency of the City of San José (the "Agency") have heretofore entered into a Joint Exercise of Powers Agreement establishing the City of San José Financing Authority (the "Authority") for the purpose, among others, of having the Authority issue its instruments of debt to finance the acquisition, construction and improvement of certain public capital improvements; and

WHEREAS, the Authority has heretofore determined to adopt and implement a commercial paper program under which the Authority will provide financing for certain public capital improvements; and

WHEREAS, on January 28, 2004, pursuant to a Trust Agreement dated as of January 1, 2004 (the "Original Trust Agreement"), between the Authority and Wells Fargo Bank, National Association, as trustee (the "Trustee"), and the provisions of Articles 1 through 4 (commencing with Section 6500) of Chapter 5, Division 7, Title 1 of the California Government Code (the "Act"), the Authority delivered its first issue of its not to exceed \$98,000,000 Tax-Exempt Lease Revenue Commercial Paper Notes (the "Tax-Exempt Commercial Paper Notes"); and

WHEREAS, concurrently with the delivery of the first issue of the Tax-Exempt Commercial Paper Notes, the Authority and the City entered into a Site Lease, dated as of January 1, 2004 (as heretofore amended, the "Site Lease"), pursuant to which the Authority leased from the City certain Property (as such term is defined therein) located in the City, including the buildings and improvements thereon owned by the City; and

WHEREAS, concurrently with the delivery of the first issue of the Tax-Exempt Commercial Paper Notes, the Authority and the City also entered into a Sublease, dated as of January 1, 2004 (as heretofore amended, the "Sublease"), pursuant to which the City subleased the Property from the Authority; and

WHEREAS, the payment of principal of and interest on the Commercial Paper Notes (as defined below) are secured by an irrevocable direct pay letter of credit (the "Credit Facility") issued severally, but not jointly, by State Street Bank and Trust Company and the California State Teachers' Retirement System (collectively, the "Prior Banks") pursuant to the terms of a letter of credit and reimbursement agreement (as subsequently amended, the "Reimbursement

Agreement”) among the Authority, the City, the Prior Banks and State Street Bank and Trust Company, as agent for the Prior Banks (the “Bank Agent”); and

WHEREAS, on November 9, 2004, the Authority and the City adopted resolutions, after a duly held public hearing, approving using proceeds of the Commercial Paper Notes to finance the installation and integration of computer software, software licensing, hardware and certain related costs related to the City's billing system previously referred to as the “Integrated Utility Billing, Customer Service and Performance Management System” (the “CUSP Project”) and currently known as the “Utility Billing System Project”; and

WHEREAS, the City, in order to increase its flexibility with respect to a portion of the projects, requested that, pursuant to the Act, the Authority issue its City of San José Financing Authority Taxable Lease Revenue Commercial Paper Notes (the “Taxable Commercial Paper Notes”); and

WHEREAS, on June 23, 2005, the Authority and the Trustee entered into an Amended and Restated Trust Agreement (the “Amended and Restated Trust Agreement”) in order to provide for the issuance of Taxable Commercial Paper Notes as well as its Tax-Exempt Commercial Paper Notes (collectively, the “Commercial Paper Notes”); and

WHEREAS, on November 17, 2005, the Authority and the Trustee entered into a First Supplement to Amended and Restated Trust Agreement (the “First Supplement”) and the Authority, the City, the Prior Banks and the Bank Agent entered into Amendment No. 1 to Letter of Credit and Reimbursement Agreement in order to increase the not-to-exceed maximum aggregate principal amount of Commercial Paper Notes from \$98,000,000 to \$116,000,000, and also to allow the additional use of the Commercial Paper Notes to finance the City's Central Service Yard Phase II Project and the demolition and clean up at the City's Main Service Yard; and

WHEREAS, on May 22, 2007, the Authority and the City adopted resolutions, after a duly held public hearing, approving using proceeds of Taxable Commercial Paper Notes to pay for the cost of improvements to the City-owned HP Pavilion and related costs; and

WHEREAS, on October 21, 2008, the Authority and the City adopted resolutions approving a Second Supplement to the Amended and Restated Trust Agreement (the “Second Supplement”) in order to expand the Authority's ability to issue Commercial Paper Notes for the purpose of refunding bonds and other obligations of the City or the Authority pursuant to Government Code Sections 53570 et seq and 53580 et seq; and

WHEREAS, on December 8, 2009, the Authority and the City adopted resolutions approving Amendment No. 2 to Letter of Credit and Reimbursement Agreement in connection with the delivery of an extension to the Credit Facility; and

WHEREAS, on April 27, 2010, the Authority and the City adopted resolutions approving a Third Supplement to the Amended and Restated Trust Agreement (the “Third Supplement”) and, together with the Amended and Restated Trust Agreement, the First Supplement and the

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Second Supplement, the "Trust Agreement") in order to allow the Authority to issue Commercial Paper Notes for the purposes of (i) funding a loan to the Low and Moderate Income Housing Fund established under and pursuant to the Community Redevelopment Law, which fund is administered by the City, and (ii) making working capital advances to the City in order to allow the City to meet its cash flow needs; and

WHEREAS, on March 15, 2011, the Authority and the City adopted resolutions approving a Third Amendment to Site Lease (the "Third Amendment to Site Lease") and a Third Amendment to Sublease (the "Third Amendment to Sublease") in order to substitute certain property (the South San José Police Substation), for a portion of the property currently leased pursuant to the Site Lease and the Sublease (such portion consisting of the (i) Martin Luther King Main Library, (ii) the Museum of Art, (iii) the "C" and "E" parking lots located at the former City Hall, (iv) the former City Hall, (v) the Health Building adjacent to the former City Hall, (vi) the Mexican Cultural Heritage Plaza, (vii) the Mabury Service Yard, and (viii) the South Service Yard); and

WHEREAS, on June 19, 2012, the Authority and the City adopted resolutions authorizing the issuance of Commercial Paper Notes in an amount not to exceed \$10 million to provide funding for additional projects for the Convention Center Expansion and Renovation Project; and

WHEREAS, the Credit Facility expires on January 27, 2013, and the Authority and the City desire to execute and enter into an Amended and Restated Letter of Credit and Reimbursement Agreement (the "Amended Reimbursement Agreement") with State Street Bank and Trust Company as the Bank and Bank Agent in order to provide for the delivery of an Alternate Credit Facility (as defined in the Trust Agreement) pursuant to Section 6.02 of the Trust Agreement on or prior to such date;

NOW, THEREFORE, BE IT RESOLVED, by the Governing Board of the City of San José Financing Authority (the "Board") as follows:

Section 1. The Board hereby finds and determines that it is necessary and advisable for the Authority and the City to enter into the Amended Reimbursement Agreement in order to obtain the Alternate Credit Facility on or prior to the expiration date of the Credit Facility. The Board hereby approves the Amended Reimbursement Agreement in the form posted to the agenda webpage for this joint meeting of the Authority and the City together with such additions thereto and changes therein as the Designated Officer (defined below) deems necessary, desirable or appropriate upon consultation with the City Attorney, as counsel to the Authority. The Board hereby authorizes the Executive Director of the Authority (the "Executive Director"), the Treasurer of the Authority (the "Treasurer") or any other officer of the Authority or the City designated by the Executive Director or the Treasurer (each, a "Designated Officer"), each acting alone, to execute and deliver the final form of the Amended Reimbursement Agreement for and in the name and on behalf of the Authority.

Section 2. The Executive Director, the Treasurer, the Secretary of the Authority and any and all other officers of the Authority, and any other officer of the City designated by the

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Executive Director, are hereby authorized, for and in the name of and on behalf of the Authority, to do any and all things and take any and all actions, including execution and delivery of any and all documents, assignments, certificates, requisitions, agreements, notices, consents, instruments of conveyance, warrants and documents, which they, or any of them, may deem necessary or advisable in order to cause the delivery of the Alternate Credit Facility and to consummate the execution and delivery of the Amended Reimbursement Agreement.

Any authority delegated under this Resolution to a specified official may also be exercised by either the Executive Director or by the specified official's authorized designee and persons acting in the capacity of the specified official.

ADOPTED this ____ day of November, 2012, by the following vote:

AYES:

NOES:

ABSENT:

DISQUALIFIED:

Chair, City of San José
Financing Authority

ATTEST:

Secretary, City of San José
Financing Authority

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